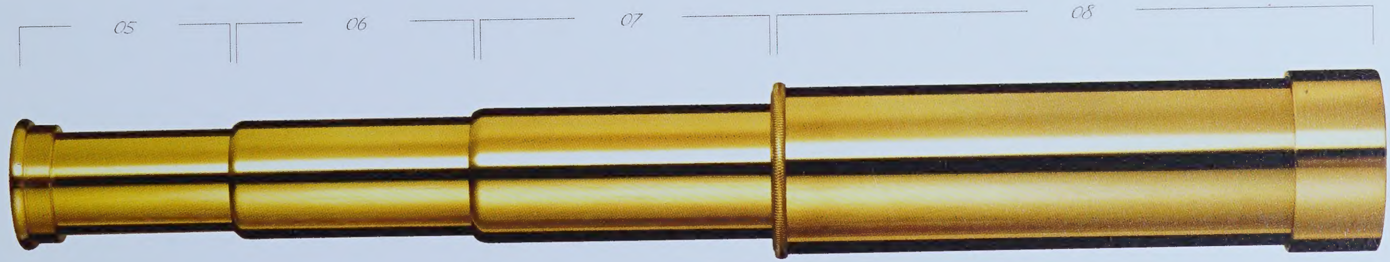


our vision.

ANTRIM
ENERGY INC.

2007 annual report

ANTRIM ENERGY INC.

ANTRIM ENERGY INC. is a Calgary, Alberta, based high-growth junior energy company with demonstrated success in international exploration, development and production. With assets in the UK North Sea and Argentina, the company's strategy is to create shareholder value through focused, high-impact operations in the North Sea and continued expansion of the company's oil and gas production base in Argentina. With this balanced risk-reward profile, Antrim is well positioned to exploit current and potential opportunities in both core areas.

The Company is listed on the Toronto Stock Exchange under the symbol "AEN" and on the London Stock Exchange's Alternative Investment Market under the symbol "AEY". For more information, visit www.antrimenergy.com.

FOCUSED GROWTH STRATEGY:

Antrim has proven success in growing its business through the development and appraisal of existing discoveries in the UK North Sea and in exploration and development in Argentina. Management's extensive technical knowledge of assets in its core areas enables Antrim to consistently identify and exploit both low-risk and high-impact plays.

STRONG FINANCIAL POSITION:

Antrim's planned 2008 program is ambitious with ongoing activities and project development funded from a strong balance sheet of more than $85 million in working capital, no debt and a planned US$50 million credit facility for pre-development costs at Causeway in the UK North Sea.

Upon approval of a Causeway Field Development Plan, the pre-development facility is expected to be replaced with a US$150 million senior secured field development facility and a contingent cost overrun facility. Future activities are expected to be funded by cash flow from UK production in late 2009. In addition, Antrim may also use a combination of existing treasury and debt instruments to fund additional exploration and acquisition opportunities as they arise.

CONTENTS

FORWARD LOOKING STATEMENTS

This report contains certain forward-looking statements, which include assumptions with respect to future plans, results and capital expenditures. Cumulative volumes are not necessarily representative of future production volumes. The reader is cautioned that assumptions used in the preparation of such information may prove to be incorrect. All such forward looking statements involve substantial known and unknown risks and uncertainties, certain of which are beyond Antrim's control. Please refer to Antrim's Annual Information Form for the year ended December 31, 2007 and dated March 31, 2008 and available for viewing at www.sedar.com, for a list of risk factors. Antrim's actual results could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits that Antrim will derive therefrom. All subsequent forward-looking statements, whether written or oral, attributable to Antrim or persons acting on its behalf are expressly qualified in their entirety by these cautionary statements. Furthermore, the forward-looking statements contained in this report are made as at the date of this report.

Our company

has a long-range vision built on a clear growth strategy – Focus. Drill. Grow. In the UK, we will concentrate on undeveloped discoveries; stay close to existing infrastructure to secure a cost-efficient exit route for our products; operate our licences wherever possible to guarantee the most effective use of resources and talent; and maintain a high interest in them to ensure the highest possible financial rewards for our shareholders.

— **OUR DIRECTION IS CLEAR.**

FINANCIAL AND OPERATIONAL HIGHLIGHTS

In 2007, Antrim conducted appraisal and drilling programs on its exploration acreage in the UK North Sea and increased oil and gas production from its properties in Argentina. The company is currently advancing two major North Sea developments and anticipates first production in late 2009.

RESERVES (PROVED + PROBABLE)

Reserves in the UK **increased 50%** to **29.3 million barrels**
Total corporate reserves **increased 20%** to **38.1 million boe**

RESERVE VALUE, UNDISCOUNTED BEFORE INCOME TAX (PROVED + PROBABLE)

Based on forecast price and cost assumptions **US$ 696 million**

Based on constant price and cost assumptions **US$ 1,309 million**

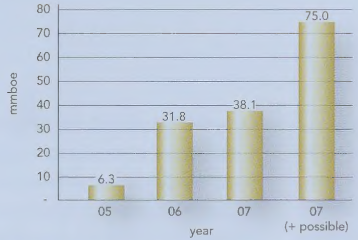
PRODUCTION

In Argentina average production **grew 35%** to 1,553 boepd

CAPITAL EXPENDITURES

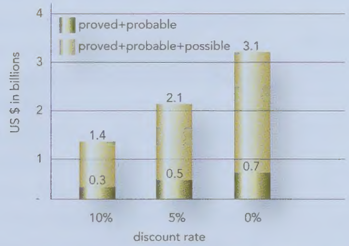
Capital expenditures in 2007 **increased 67%** over the previous year

RESERVES (PROVED + PROBABLE + POSSIBLE)



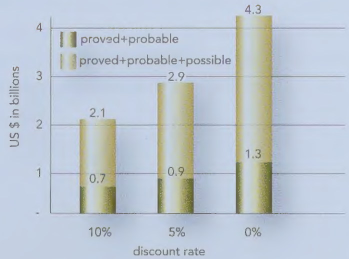
Total corporate reserves (proved + probable) increased 20% over the previous year to 38.1 million boe with UK increasing 50% to 29.3 million barrels.

PRESENT VALUE BEFORE INCOME TAX AS AT DECEMBER 31, 2007



(based on forecast price and cost assumptions)

PRESENT VALUE BEFORE INCOME TAX AS AT DECEMBER 31, 2007

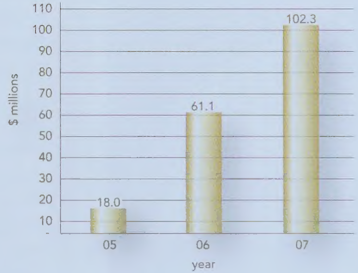


(based on constant price and cost assumptions)

PRODUCTION

Production increased 35% in Argentina over the previous year to an average of 1,553 boepd.

CAPITAL EXPENDITURES



Capital expenditures increased 67% to $102.3 million in 2007, the majority associated with the appraisal drilling program on the Causeway property in the UK North Sea.

The past year was one of wide-ranging operational success and solid financial performance for Antrim Energy. Operationally, our company made great headway in taking our UK appraisal and development programs closer to production. Financially, we achieved positive results across all our key metrics. Antrim is now well positioned to transform our oil and gas assets in the UK North Sea and Argentina into a source of growing cash flow for our shareholders.

Thanks to a successful development and appraisal program, we demonstrated our ability to deliver on our strategy of growing through the drill bit. We maintained our exceptional drilling success, added significantly to our reserves, moved one step closer to first production in the UK North Sea, and increased production in Argentina.

Our 2007 financial and operational results were strong:

- Reserves in the UK increased 50% to 29.3 million barrels.
- Gross revenue increased 15% to $15 million.
- Operating cash flow increased to $4.8 million, up from $3.7 million.
- Average production (Argentina) grew 35% to 1,553 boepd, up from 1,157 boepd in 2006.

RAMPING UP TO FULL PRODUCTION IN THE UK

In the UK, we are on track to produce first oil in the North Sea by the end of 2009. Last year, well tests at Causeway totalled almost 7,500 bopd, bringing combined totals from the area to more than 35,000 bopd. By the end of next year, we expect to have 15,000 bopd on stream.

At the same time, we launched our appraisal activity at the undeveloped Fyne and Dandy oilfields in the Central North Sea, completing a 3D seismic acquisition program in June. Subsequent to the year-end we drilled the first Fyne well. We will continue our 2008 appraisal activity at both Fyne and Causeway, focusing on increasing our reserve base and further building shareholder value. By the end of next year, we expect the Fyne development to be approved and be close to first production with a targeted date early in 2010.

Our company continued to take advantage of the benefits of the stable fiscal environment in the UK, which has one of the most attractive tax and royalty systems of any major petroleum producing area in the world.

EXPANDED PRODUCTION IN ARGENTINA

Antrim's assets in Argentina delivered impressive results throughout 2007, underscoring the region's value to the company and our shareholders. Since the launch of our current two-year drilling program in September 2007, four wells have been drilled in the Tierra del Fuego region. At year end production net to Antrim has climbed to 1,553 boepd. In December, the Los Patos discovery tested at rates of up to 1,000 boepd – the highest rate ever tested onshore in southern Argentina at the time. Production from Argentina is expected to rise to 3,500 boepd by the end of the year. We anticipate that the rate will increase to 5,000 boepd by the end of 2009.

Antrim also made significant progress in a number of other areas of the country. In central Argentina, two successful wells are now on production at Medianera. And in October, we acquired a 70% interest in Tres Nidos Sur. Under the terms of the licence, we will acquire 3D seismic in 2008 and drill an exploration well in 2009.

With plans to drill up to 25 wells in Argentina throughout 2008, we are well positioned to continue our exceptional success rate in this region.

GROWING THROUGH THE DRILL BIT

Going into 2008, our growth strategy is clear: Focus. Drill. Grow. In the UK we will concentrate on undeveloped discoveries; stay close to existing infrastructure to secure a cost-efficient exit route for our products; operate our licences wherever possible to guarantee the most effective use of resources and talent; and maintain a high interest in them to ensure the highest possible financial rewards for our shareholders.

With our combined assets in the UK and Argentina, Antrim is on the cusp of significant production growth – from 1,553 boepd in 2007 to a planned 20-30,000 boepd by mid 2010 – and we have the resources in place to achieve it. The strength of our balance sheet, with more than $85 million in working capital and access to credit facilities, puts us in a solid position for a fully-funded 2008 capital expenditure program.

Our team of experienced industry professionals has unparallelled technical expertise, as well as a strong, focused vision to guide it. Rig contracts have been secured for all of our major drilling programs. The bulk of the work lies in realizing production from discoveries that have already been made.

The upcoming year will not be without its challenges, including a continuing global increase in demand for oil and gas services combined with a rising cost environment. Nevertheless, we are well positioned to build sustainable shareholder value by maximizing our competitive advantages, including the value of our existing assets, our unwavering focus, and a track record that tells a story of consistent increased production together with an increasing reserve base.

I would like to thank our employees for their hard work, loyalty and dedication to Antrim's vision. For their insight and counsel, I would like to thank our Board of Directors and our management team. Each of these groups provides a level of skill and commitment that is second-to-none.

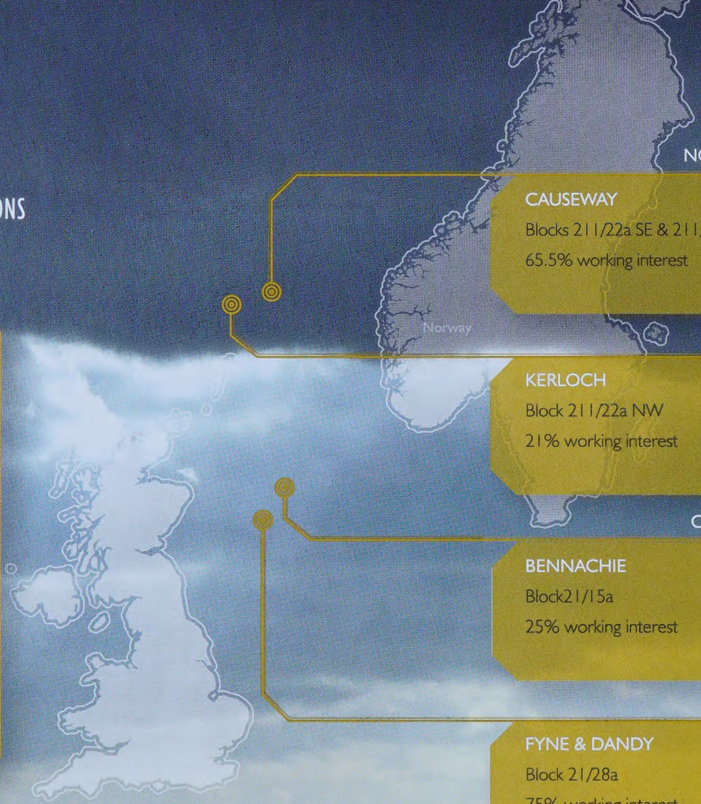
On behalf of our entire team, I also offer my deep appreciation for the continued support of our investors. We look forward to updating you on our progress throughout 2008 as we focus, drill, grow – and deliver solid, sustainable returns to our shareholders.

Stephen Greer
President and CEO

UK

NORTH SEA OPERATIONS

Antrim established itself as a leader in the UK North Sea when the British government, in a bid to attract a new wave of operators, introduced very attractive fiscal terms and the fallow-field and promote licencing incentives. Antrim capitalized on this opportunity and since 2005 has acquired controlling interest in several offshore licences. Antrim's interests are concentrated in the oil-prone Central and Northern regions of the UK North Sea.



NORTHERN NORTH SEA

	2007	2008
CAUSEWAY Blocks 211/22a SE & 211/23d 65.5% working interest	Four well program completed	Appraisal drilling
KERLOCH Block 211/22a NW 21% working interest	Discovery well drilled	Ongoing technical evaluation

CENTRAL NORTH SEA

	2007	2008
BENNACHIE Block21/15a 25% working interest	Ongoing technical evaluation	Geophysical evaluation
FYNE & DANDY Block 21/28a 75% working interest	70 km^2 of 3D Seismic acquired	Appraisal drilling

FOLLOWING THE APPROVAL OF A FIELD DEVELOPMENT PLAN FOR CAUSEWAY, FACILITY CONSTRUCTION WILL BEGIN TO ENABLE PRODUCTION AT THE END OF 2009.

NORTHERN NORTH SEA

Causeway and Kerloch – In 2007, Antrim successfully completed its three-well drilling program on schedule and under budget, enabling the company to add a fourth well to the program and accelerating Antrim's development of the Causeway property. The Causeway property lies on the crest of a fault-bounded ridge that is fractured by a series of transverse faults dividing the structure into two main blocks: East and Central Causeway. Recent drilling has shown that the oil discoveries in West Causeway are situated on a steeply dipping terrace which may extend along the entire length of the ridge. The main productive reservoirs are contained within the Jurassic Brent sequence of sandstones, from which Antrim has tested oil in the Tarbert, Ness and Etive formations. Cumulative test rates from the structure now exceed 35,000 bopd, with an additional 6,000 to 7,000 bopd expected from an untested well.

Antrim plans to continue its appraisal/development drilling in 2008. Facility construction is also planned on approval of the Field Development Plan to be submitted to regulatory authorities in the second quarter of 2008.

Antrim has a 21 percent working interest in the Kerloch discovery, which lies to the northwest of the Causeway trend. In late 2007, Antrim participated in drilling an exploration well – the fifth well drilled by Antrim in the UK North Sea during the year – and discovered a 116-foot-thick oil column in the Ness Formation. The Kerloch well was not tested and was suspended to allow potential re-entry and future use.

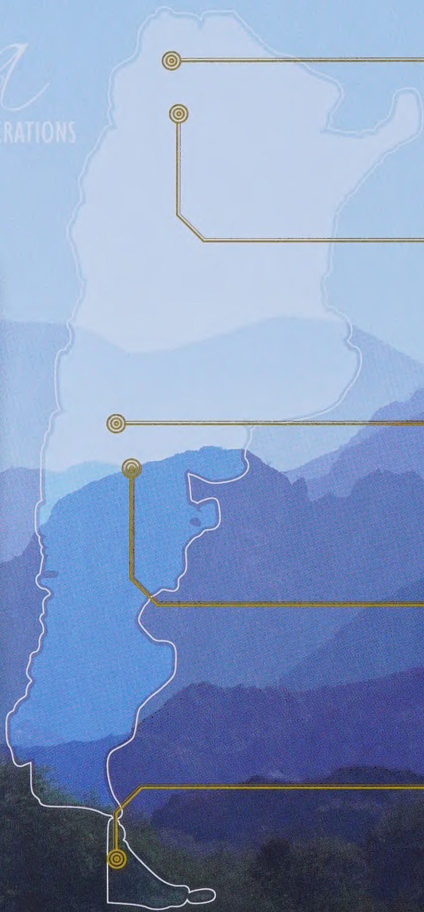
CENTRAL NORTH SEA

Fyne and Dandy – Antrim acquired a 75 percent working interest in Block 21/28a in November 2006. The block contains the undeveloped Fyne and Dandy oil fields. Antrim is operator of the licence and in June 2007 completed the acquisition of 70 km^2 3D seismic.

Subsequent to the year end Antrim drilled its first appraisal well in Fyne. The Company plans to develop the area through an FPSO (floating production, storage and offloading vessel) tying the two fields and other satellite fields back to the production facility. Antrim is also examining additional exploration and development potential on the licence and the deeper potential believed to exist in the underlying Jurassic Fulmar sandstones.

Argentina
OPERATIONS

Antrim's strategy in Argentina is to grow production and reserves through low-risk development and prudent exploration. The exploration and development opportunities in the region provide near and longer-term opportunities in an evolving South American market. At the same time these assets provide substantial cash flow to fund future activity.



		2007	2008
PUESTO GUARDIAN	Production Licence 40% working interest	330 km^2 3D Seismic	Exploration & appraisal drilling
CAPRICORN	Exploration Licence 37.5% working interest	54 km^2 3D Seismic	Appraisal drilling on exploration success
TRES NIDOS SUR	Exploration Licence 70% working interest	Licence acquired in Oct 2007	3D Seismic
MEDIANERA	Production Licence 70% working interest	83 km^2 3D Seismic 2 Exploration wells drilled	6 Appraisal wells
TIERRA DEL FUEGO	Production Licence 25.78% working interest	309 km^2 3D Seismic 4 wells drilled	16 New exploration & appraisal wells

THE RECENT DRILLING PROGRAM, WHICH STARTED IN LATE 2005, AND CONTINUED THROUGH 2006, RESULTED IN COMBINED TEST RATES OF OVER 80 MMCF/D OF WET GAS FROM NEW OPERATIONS.

PRODUCTION LICENCES

Tierra del Fuego (Austral Basin): In September 2007, Antrim commenced a two-year drilling program in Tierra del Fuego. Four wells targeting oil reservoirs in the Cretaceous Springhill Formation were drilled. The third well, Los Patos 1011 was completed and tested at rates up to 1,000 boepd – the highest rate tested onshore in Southern Argentina at the time.

In 2008, the completion of additional production facilities in the region is expected to double processing capacity to 40 mmcf/d. We are planning a 16-well program in 2008, and expect to reach year-end rates of 40 mmcf/d with an associated increase in liquid rates (oil and NGLs).

Medianera (Neuquén Basin): Prior to Antrim's acquisition of Medianera, which was discovered in 1962, the field was estimated to contain some 16 mmbbls and had produced over 14 mmbbls. Recognizing the potential for another field in the area, in 2006, Antrim acquired a 70 percent working interest in the Medianera licence, which at the time had gross production of only 40-45 bopd. In 2007, the company drilled two wells both intersecting an oil column in the Cretaceous Quintuco Formation. M3001 was perforated in the Upper Quintuco Formation and swab tested 93 bopd from 12 metres of net pay. M3002 encountered 14 metres of net oil pay with virgin pressure reservoir in the Upper and Lower Quintuco Formation. The company is planning a six-well follow-up program in 2008.

Puesto Guardian (Noroeste Basin): The primary target in the Puesto Guardian production licence is the oil-bearing Cretaceous Yacorite Formation. In 2006, 330 km^2 of 3D seismic was acquired over the licence. Processing of the seismic has been completed and interpretative work is in progress. Antrim holds a 40 percent working interest in this licence and intends to use the acquired seismic to support a drilling program in 2008.

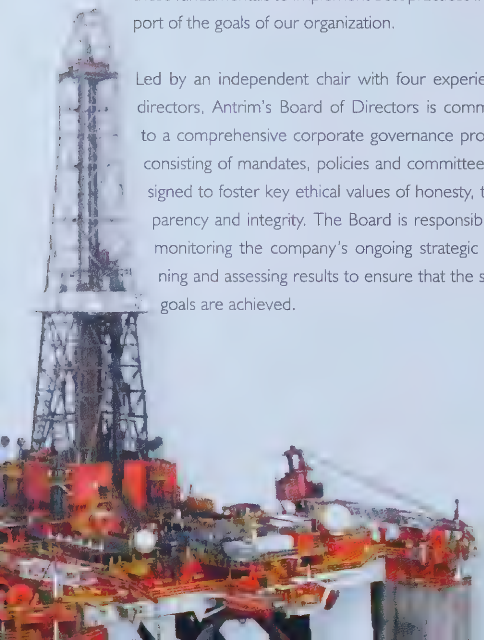
EXPLORATION LICENCES

Tres Nidos Sur (Neuquén Basin): In October 2007, Antrim acquired the Tres Nidos Sur block, immediately adjacent to and north of the Medianera licence. This acquisition, with a 70 percent working interest, will allow us to extend the geological trend successfully established by the Quintuco wells at Medianera. Under the terms of the licence, we will acquire a minimum of 50 km^2 of 3D seismic and drill an exploration well in 2009.

Capricorn (Noroeste Basin): Also part of the oil-bearing Cretaceous Yacorite trend, Capricorn is an exploration licence adjacent to the Puesto Guardian Concession. Antrim holds a 37.5 percent non-operated working interest. Late last year, the first of two wells were drilled, the first one was abandoned and the second well was cased in preparation for testing.

Good corporate governance is the cornerstone of building and maintaining the confidence of investors and enhancing shareholder value. Our governance system of transparency, trust, high standards of corporate ethics and discipline defines the relationships among all stakeholders – members of the Board of Directors, management, employees and shareholders – and ensures compliance with a view to building on these fundamentals to implement best practices in support of the goals of our organization.

Led by an independent chair with four experienced directors, Antrim's Board of Directors is committed to a comprehensive corporate governance program consisting of mandates, policies and committees designed to foster key ethical values of honesty, transparency and integrity. The Board is responsible for monitoring the company's ongoing strategic planning and assessing results to ensure that the stated goals are achieved.



The Board of Directors is also responsible for overseeing Antrim's business by providing responsible and effective stewardship of its assets. The Board meets regularly with management to receive business updates, and also holds meetings without management present. The Company's corporate policies and practices are consistent with National Policy 58 – 201, which provides guidance on governance practices.

BOARD COMMITTEES

The Board has constituted three committees for the purpose of discharging specific mandates in relation to the stewardship of the company. These are the Audit Committee, the Compensation Committee, and the Reserves Committee.

AUDIT COMMITTEE

The Audit Committee assists the Board by reviewing the financial reports and other financial information provided to the public, reviewing internal controls regarding finance and accounting and providing general oversight of Antrim's accounting and financial reporting. The committee comprises three members, each of whom is financially literate.

Members: Jim Perry (Chair), Gerry Orbell, Brian Moss

COMPENSATION COMMITTEE

The Compensation Committee is responsible for developing appropriate compensation policies for senior management, including the Corporation's Stock Option Plan, and evaluating senior management performance. Recommendations are made by the compensation Committee to the Board for their consideration and approval.

Members: Jay Zammit (Chair), Gerry Orbell

RESERVES COMMITTEE

The Reserves Committee is responsible for the appointment of an independent evaluator and the Company's procedures for providing information to the evaluator. The Reserves Committee reviews all matters relating to the preparation and public disclosure of reserve estimates.

Members: Brian Moss (Chair), Jim Perry,

GERRY ORBELL, PH.D

Chairman

Dr. Orbell is a petroleum geologist with more than 30 years of international experience. He is Executive Chairman of Sound Oil plc, a public company listed on the London AIM. Previously, he was Executive Director, Exploration and Production, Premier Oil plc, where he was responsible for the company's worldwide oil and gas exploration and production program. From 1983 to 1992, he served in various management roles with Fina Development Ltd. and Fina Exploration, including Director of Oil Exploration and Production. Dr. Orbell holds a Ph.D in geology from University College, London University and has been a member of the American Association of Petroleum Geologists since 1975. He is a board member and chairman of the Audit Committee of Valpak Ltd. in the United Kingdom.

STEPHEN GREER

President and Chief Executive Officer

Antrim Energy

Stephen Greer has been President and Chief Executive Officer of Antrim Energy since 1999. Previously, he was Chairman and Managing Director of Antrim International, a predecessor company, and President of Antrim Resources Inc., a private oil and gas company. Mr. Greer has more than 25 years of petroleum exploration experience and a technical background in oil and gas exploration. He holds an M.Sc. degree in geology from the University of Witwatersrand in Johannesburg, South Africa.

JAY ZAMMIT

Director

Jay Zammit is a partner with Burstall Winger LLP. He attended the University of Manitoba and received a B. Comm. (Finance) degree in 1982, after which he served as a consultant to the International Air Transport Association. Mr. Zammit obtained an LL.B. degree in 1987 from the University of Manitoba and was admitted to the Alberta Bar in 1988. His preferred areas of practice are corporate finance and commercial law. He was seconded to the Alberta Securities Commission in 1989. Mr. Zammit has advised on various public and private financings, as well as trusts, funds, mergers and acquisitions, shareholder disputes and strategic relationships. He has served on the executive of the Business Law Subsection of the Canadian Bar Association for several years.

JIM PERRY

Director

Jim Perry is currently President and Chief Executive Officer, and a director of Alternative Fuel Systems (2004) Inc., a TSX-venture listed company. Prior to joining AFS, he served as President and a director of Global Thermoelectric Inc., and as President of Computalog Ltd. and Schlumberger of Canada. Mr. Perry is a registered professional engineer in the Province of Alberta and holds a mineral engineering degree from the University of British Columbia.

BRIAN MOSS, PH.D

Director

Dr. Moss has more than 30 years of international and domestic oil and gas experience. He currently serves as Chairman of the Board for Richards Oil & Gas Ltd. Dr. Moss has previously served as President and CEO of Los Altares Resources Ltd., Vice-President for AEC, Latin America and Argentina, as well as for Rio Alto Exploration Ltd. and Rio Alto Resources International Inc. He holds a Ph.D., and a Diploma in Petroleum Geology from the Royal School of Mines, Imperial College of Science & Technology, University of London. Dr. Moss is a registered professional geologist in the Province of Alberta.

MEETINGS HELD AND ATTENDANCE OF DIRECTORS

There were 11 meetings of the Board during the financial year ended December 31, 2007. The following table summarizes the meetings of the Board of Directors and its committees held during the year and the attendance of individual directors of the Corporation at such meetings.

	Board of Directors	Audit Committee	Compensation Committee	Reserves Committee
Number of Meetings	11	4	3	2
Director:				
Stephen Greer	11	N/A	N/A	N/A
Gerry Orbell	10	4	3	N/A
Jim Perry	11	4	N/A	2
Brian Moss	11	4	N/A	2
Jay Zammit	11	N/A	3	N/A
Total Attendance Rate	98%	100%	100%	100%

Management's
DISCUSSION AND ANALYSIS

Increased Reserves by **20%**

Proved & Probable *(PV 10%, constant price)*

Reserves value to **US$675 Million**

This management's discussion and analysis ("MD&A") is as of March 28, 2008 and should be read in conjunction with Antrim's consolidated financial statements and accompanying notes for the year ended December 31, 2007. The calculations of barrels of oil equivalent ("boe") are based on a conversion rate of six thousand cubic feet of natural gas to one barrel of oil. The boe conversion ratio is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Unless otherwise stated, all dollar amounts are expressed in Canadian dollars.

FORWARD LOOKING STATEMENTS

This MD&A contains forward-looking statements. Forward-looking statements often, but not always, are identified by the use of words such as "seek", "anticipate", "believe", "plan", "estimate", "expect", "targeting" and "intend" and statements that an event or result "may", "will", "should", "could", or "might" occur or be achieved and other similar expressions. Forward-looking statements are based on current expectations that involve a number of risks and uncertainties. As a consequence, actual results might differ materially from results forecast or suggested in these forward-looking statements. Such risks, uncertainties and other factors include the uncertainties inherent in oil and gas exploration and development activities, the effect of actions by third parties, fluctuations in world oil prices and other risks detailed in the Company's Annual Report and Annual Information Form ("AIF"). Additional information relating to the Company including the Company's AIF is on SEDAR at www.sedar.com. Antrim assumes no obligation to update forward-looking statements should circumstances or management's estimates change.

In accordance with AIM guidelines, Mr. Kerry Fulton, P. Eng and Chief Operating Officer of Antrim, is the qualified person that has reviewed the technical information contained in this MD&A. Reserve information included in this MD&A is prepared in accordance with the standards specified by National Instrument 51-101.

NON-GAAP MEASURES

Cash flow from operations, cash flow from operations per share and netback does not have a standard meaning under generally accepted accounting principles ("GAAP") and may not be comparable to that reported by other companies. Management believes that cash flow from operations is a useful supplementary measure that may assist investors. Cash flow from operations is defined as cash flow from operating activities before changes in working capital.

OVERVIEW

Antrim made significant strides in 2007 towards production in the UK North Sea and growing a diversified production base in Argentina. Capital expenditures, part of a successful development and appraisal program in both countries, reached record levels.

Proved plus probable oil reserves attributed to Antrim's United Kingdom properties increased 50% over 2006 reserve figures from 19.5 million barrels to 29.3 million barrels, net to Antrim. Production from the Company's Argentina properties increased 35% over the same period.

In the United Kingdom, Antrim drilled five wells. The Company successfully completed its planned three well Causeway drilling program on schedule and under budget. Cost savings on the initial program allowed Antrim to add a fourth well to the drilling program, accelerating Antrim's development of the Causeway property.

A field development plan ("FDP") for Causeway is currently being prepared and is expected to be submitted to the Department for Business, Enterprise and Regulatory Reform during the second quarter of 2008. Further Causeway appraisal is planned for 2008. Facility construction is also planned for 2008 on approval of the FDP. Antrim has operatorship and a 65.5% working interest in the two licences that comprise the Causeway structure.

In November 2007, Antrim participated in drilling the non-operated Kerloch prospect (Antrim 21% working interest) located approximately 10 km northwest of the Causeway structure. The well discovered an oil column of approximately 116 feet in the Ness Formation. The well was not flow tested but was suspended to allow potential re-entry and future use. At December 31, 2007, 1.1 million barrels, net to Antrim, in contingent resources (C2 – best estimate) has been allocated to this discovery.

In Argentina, Antrim participated in drilling eight wells during the year in three of its seven licence areas. Drilling in Tierra del Fuego recommenced in September 2007 as part of a two year drilling program. Initial drilling results show success on both the Tierra del Fuego and Medianera licences. Significant additional drilling is planned in 2008 for both licences. In October 2007, Antrim was awarded an exploration licence for the Tres Nidos Sur Block immediately adjacent to and north of the Medianera Block. Antrim plans to coordinate exploration and development of this block with the Medianera Block.

Cash flow from operations increased in the year to $4.8 million from $3.7 million in 2006 on higher oil and gas production in Argentina.

In March 2008, Antrim announced that it had agreed terms for a US$50 million working capital facility to be available for pre-development costs associated with the Causeway property. The working capital facility is subject to satisfactory due diligence, execution of full documentation and achievement of all conditions precedent. To date, no amounts have been drawn on this facility. Upon approval of the FDP, the facility is expected to be replaced with a US$150 million senior secured field development facility and a contingent cost overrun facility.

FINANCIAL AND OPERATING RESULTS

	2007	2006	2005
Financial Results (Cdn $000's except per share amounts)			
Oil and gas revenue	15,030	13,072	10,807
Cash flow from operations	4,783	3,733	2,530
Cash flow from operations per share	0.05	0.06	0.06
Net income (loss)	(9,011)	1,342	(3,190)
Net income (loss) per share	(0.09)	0.02	(0.07)
Total assets	301,545	145,151	60,227
Working capital	87,232	55,392	29,969
Expenditures on petroleum and natural gas properties	102,317	61,163	17,976
Debt	-	-	-
Dividends declared	-	-	-
Common shares outstanding (000's)			
End of year	117,581	87,059	54,886
Weighted average - basic	102,831	66,918	43,824
Weighted average - fully diluted	104,893	76,326	44,669
Production			
Oil, natural gas and NGL production (boe per day)(1)	1,553	1,157	931

(1)The boe conversion ratio of 6 mcf:1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead

OIL AND GAS REVENUE

Oil and gas revenue, before export tax, increased to $15,029,709 in 2007 compared to $13,071,531 in 2006. Revenues increased due to an increase in oil and gas production from the Tierra del Fuego licences.

Net production to Antrim in 2007 was 1,553 boepd compared to 1,157 boepd in 2006. Average net oil production in the year was 656 barrels of oil per day compared to 550 barrels of oil per day in 2006. Average net oil production in the fourth quarter of 2007 was 680 barrels of oil per day compared to 628 barrels of oil per day for the comparable period in 2006. Oil prices averaged $47.27 per barrel in 2007 compared to $52.81 per barrel in 2006.

Oil production from both the Puesto Guardian and Tierra del Fuego concessions is sold with reference to the price of West Texas Intermediate ("WTI") crude oil less a quality discount. Domestic oil sales are subject to a mandated discount which increases as the price of WTI crude oil increases. For the first nine months of 2007, all oil production from the Tierra del Fuego concessions was exported via tanker truck to Chile. In January 2007, an export tax specifically including oil exports from Tierra del Fuego was passed into law. The export tax paid on crude oil exports at the time was 45% applied on the sales value after the tax. In November 2007, changes to the export tax effectively limited the maximum price that producers could receive for crude oil exports to US$42 bbl, regardless of the price of WTI. The application of the mandated discount on domestic oil sales results in a similar ceiling, after quality adjustments, within the domestic market. Since September 2007, all production from the Tierra del Fuego concessions is being accumulated and periodically transported by ship to a refinery on the mainland.

Average net gas production to Antrim in 2007 was 4.97 million cubic feet (mmcf) per day compared to 3.33 mmcf per day in 2006. Average net gas production in the fourth quarter of 2007 was 5.00 mmcf per day compared to 4.77 mmcf per day for the comparable period in 2006. Installation of a pipeline that will connect the Las Violetas licence to the San Martin pipeline and an expansion of gas processing facilities is in progress. This work was originally expected to be completed in 2007 but has been delayed due to equipment availability. Construction of the new gas pipeline, tie-in to the San Martin pipeline and installation of additional compression facilities is expected to be completed by the third quarter of 2008. Upon completion, gross gas processing capacity is expected to increase to approximately 40 mmcf per day at which time previous gas discoveries can be placed on production.

Gas prices averaged $1.53 per mcf in 2007 compared to $1.32 per mcf in 2006. Gas production from the Tierra del Fuego concessions is sold to domestic residential and industrial consumers under fixed price contracts. The average delivery obligation to the residential and CNG market is approximately 5 mmcf per day and the price for gas to be sold to this market remains fixed at approximately US$0.36 per mcf. The price of gas sold to other industrial consumers is expected to increase to approximately US$1.72 per mcf in the second half of 2008. No gas production is currently exported.

Average net NGL (butane and propane) production in 2007 was 69 barrels per day compared to 52 barrels per day in 2006. NGL prices averaged $37.33 per barrel in 2007 compared to $41.13 per barrel in 2006.

NETBACKS

An increase in gas production, the imposition of export taxes on exports from Tierra del Fuego and a strengthening Canadian dollar resulted in a lower wellhead price and lower netback per boe. Antrim realized a per unit netback of $12.56 per boe in 2007 compared to a per unit netback of $18.21 per boe in 2006. The table below provides a comparative analysis of field netbacks for 2007 and 2006.

	2007	2006
Wellhead price ($/boe)	26.69	30.96
Royalties ($/boe)	(3.35)	(3.66)
Export tax ($/boe)	(2.21)	(1.01)
Operating expenses ($/boe)	(8.56)	(8.08)
Netback ($/boe)	12.56	18.21
Oil, natural gas and NGL production (boe)(1)	566,991	422,185
Oil, natural gas and NGL production (boe per day)(1)	1,553	1,159

(1)The boe conversion ratio of 6 mcf: 1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

In 2007, Antrim and its partners successfully appealed the imposition of export taxes in 2006. Export taxes recorded in 2007 are net of the expected re-imbursement. Argentine Law 26,217, which became effective January 23, 2007, expressly established that from that date export taxes are applicable to exports from Tierra del Fuego.

Average production in the fourth quarter of 2007 was 1,588 boe per day compared to 1,484 boe per day for the comparable period in 2006.

GENERAL AND ADMINISTRATIVE

General and administrative costs ("G&A") increased in 2007 to $5,768,364 compared to $4,302,475 in 2006. During the year, Antrim also capitalized $2,472,685 (2006 - $1,758,953) of G&A costs related to exploration and development activity in Argentina and the United Kingdom. G&A costs increased in 2007 due to greater corporate activity, increased project costs including costs involved in preparing to bring the Causeway discovery to production, an increase in full-time employees and rising salary and other personnel costs within the oil and gas industry.

DEPLETION AND DEPRECIATION

Depletion and depreciation expense increased in 2007 to $4,497,521 compared to $2,540,032 in 2006 as a result of increased oil and gas production in the year. The consolidated per unit charge increased to $7.93 per boe from $6.02 per boe in 2006 as a result of increased drilling and facility costs in Tierra del Fuego. No depletion was recorded with respect to assets in the United Kingdom as they are classified as unproven properties.

FOREIGN EXCHANGE LOSS

The Company incurred a foreign exchange loss in 2007 of $6,105,393 compared to $565,745 in 2006. The Company's reporting is in Canadian dollars whereas a significant amount of the Company's activities are transacted in or referenced to US dollars or Pound Sterling. As previously reported in 2007, the Company was required to purchase US dollars to secure a drilling rig in the UK North Sea and Pounds Sterling for drilling operations in the area. While holding these deposits, the value of the Canadian dollar rose significantly. Despite the recorded foreign exchange loss, the Company benefits from a strengthening Canadian dollar by reducing the cost, in Canadian dollars, of capital expenditures.

WRITE-OFF OF PETROLEUM AND NATURAL GAS PROPERTIES

In 2007, the Company wrote-off costs of $654,691 following the relinquishment of its interests in the United Kingdom Southern Gas Basin.

INCOME TAXES

Antrim recorded current income tax expense in 2007 of $113,766 (2006 – $388,008) and future income tax recoveries of $631,167 (2006 - $272,760). Net earnings in Argentina decreased in 2007 due to higher G&A costs and costs associated with increased activity in Medianera and Tierra del Fuego. No corporate income tax is payable on net operating income from the Tierra del Fuego concessions.

CASH FLOW AND NET INCOME

Antrim had cash flow from operations of $4,782,897 ($0.05 per share) in 2007 compared to $3,733,092 ($0.06 per share) in 2006. Net loss in 2007 was $9,011,014 ($0.09 per share) compared to a net income of $1,342,016 ($0.02 per share) in 2006. Net loss increased due to foreign exchange losses related to the Company's 2007 capital expenditure program and to a lesser degree increased general and administrative costs, stock based compensation expense and higher depletion costs.

CAPITAL EXPENDITURES

Expenditures on petroleum and natural gas properties in 2007 were $102,317,294 compared to $61,163,487 in 2006. The majority of capital expenditures were related to drilling and testing of the Central and West Causeway fault compartments. Capital expenditures in Argentina included a mix of development and exploration drilling in the Tierra del Fuego, Medianera and Capricorn concessions. Development drilling in Tierra del Fuego, originally scheduled to commence in June 2007, did not commence until September 2007 due to rig availability. Two exploration wells were drilled in 2007 in both the Medianera and Capricorn concessions. The majority of capital expenditures in 2008 are expected to be incurred in the United Kingdom, split between development of the Causeway structure and appraisal drilling of the Fyne & Dandy oil fields.

FINANCIAL RESOURCES & LIQUIDITY / OUTLOOK

At December 31 2007, Antrim had working capital of $87,231,593 (December 31, 2006 - $55,391,981) including unrestricted cash of $96,913,946 (December 31, 2006 - $53,714,443) and no debt. Working capital increased following the exercise of options and warrants and completion of a $57.5 million and $57.7 million equity offering in May 2007 and November 2007, respectively. This increase was partially offset by drilling and testing costs related to the Central and West Causeway fault compartments and seismic, drilling and facility expansion costs in Argentina.

In the United Kingdom, drilling commenced in March 2008 on the Fyne Field. The current operation entails drilling one pilot well and two side tracks and is being optimized using 3D seismic acquired in 2007. A second rig contract has been signed which will provide Antrim with the Transocean "Prospect" semi-submersible drilling rig for up to four additional wells scheduled to begin in June 2008. The rig rate is approximately US$300,000 per day. The drilling contract will allow Antrim to accelerate appraisal activity on the Company's existing properties in the Northern and Central North Sea and is also expected to provide Antrim with the flexibility to add additional drilling opportunities to its 2008 program.

A field development plan ("FDP") is currently being prepared and is expected to be submitted to the Department for Business, Enterprise and Regulatory Reform during the second quarter of 2008. Further Causeway development drilling is planned for 2008 including at least one pressure support well. Facility construction is also planned for 2008 on approval of the FDP.

In March 2008, Antrim announced that it had agreed terms for a US$50 million working capital facility to be available for pre-development costs associated with the Causeway property. The working capital facility is subject to satisfactory due diligence, execution of full documentation and achievement of all conditions precedent. To date, no amounts have been drawn on this facility. Upon approval of the FDP, the facility is expected to be replaced with a US$150 million senior secured field development facility and US$40 million contingent cost overrun facility.

Cash flow from operations in Argentina is expected to be reinvested in Argentina during the year. In Tierra del Fuego, 16 wells are expected to be drilled in 2008 and additional 3D seismic is also planned. Pipeline and facility expansion for increased oil and gas production continue. Construction of a new gas pipeline, tie-in to the San Martin pipeline and installation of additional compression facilities is expected to be completed by the third quarter of 2008. Upon completion, gross gas processing capacity is expected to increase to approximately 40 mmcf per day at which time previous gas discoveries can be placed on production.

In October 2007, Antrim was awarded an exploration licence for the Tres Nidos Sur Block immediately adjacent to and north of the Medianera Block in the Neuquen Basin. In 2008, Antrim plans to coordinate exploration and development of the Tres Nidos Sur Block with the Medianera Block. Antrim expects to acquire 50 km^2 of 3D seismic in the year and up to six wells are planned to be drilled on the two blocks.

SUMMARY OF QUARTERLY RESULTS (UNAUDITED)

($000's, except per share amounts)	Oil and Gas Revenue, Net of Royalties	Cash Flow from Operations	Net Income (Loss)	Net Income (Loss) Per Share – Basic
2007				
Fourth quarter	3,229	1,038	(1,717)	(0.02)
Third quarter	2,721	923	(2,365)	(0.02)
Second quarter	3,110	1,891	(3,659)	(0.04)
First quarter	2,837	931	(1,269)	(0.01)
Total	11,897	4,783	(9,011)	(0.09)
2006				
Fourth quarter	2,824	601	(758)	(0.01)
Third quarter	3,396	1,650	644	0.01
Second quarter	2,398	239	910	0.01
First quarter	2,479	1,243	546	0.01
Total	11,097	3,733	1,342	0.02
2005				
Fourth quarter	2,427	851	(2,431)	(0.05)
Third quarter	2,611	892	188	0.00
Second quarter	2,444	564	(597)	(0.01)
First quarter	1,934	223	(350)	(0.01)
Total	9,416	2,530	(3,190)	(0.07)

Oil and gas revenue, net of royalties has increased due to increased production. The impact of increased production, however, has been partially offset by lower crude oil prices as a result of export taxes in Argentina and domestic price controls.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

A summary of significant accounting policies is presented in Note 1 to the consolidated financial statements. Effective January 1, 2007, the Company adopted the Canadian Institute of Chartered Accountants ("CICA") Section 1530 "Comprehensive Income", Section 3251 "Equity" , Section 3855 "Financial Instruments Recognition and Measurement", and Section 3865 "Hedges". These standards have been adopted prospectively. Effective January 1, 2007, the Company also adopted the revised CICA section 1506, "Accounting Changes" which did not have any effect on the Company's financial statements.

Preparing financial statements in accordance with Canadian GAAP requires management to make certain judgments and estimates. Changes to these judgments and estimates could have a material effect on the Company's financial statements and financial position. The estimates of proved and probable reserves is critical to many aspects of the Company's financial statements, including net income as a result of their impact on depletion rates, the carrying amount of petroleum and natural properties and future abandonment and site restoration liabilities.

The Company also incurs costs related to properties for which no proved reserves may be attributable. These costs must also be assessed to ascertain whether impairment has occurred. In certain instances, the Company may be required under Canadian GAAP to record an impairment charge against these costs even though the Company has and intends to maintain the underlying licence or agreement pertaining to the properties.

The fair value of the asset retirement obligation is estimated and recorded on a discounted basis over the expected life of the assets. Factors that may affect the fair value of these obligations include the expected costs to complete the retirement, the useful lives of the assets and the discount rate applied. Cost estimates may vary as the extent of work required changes either as a result of operational considerations or changes to environmental legislation.

The amount recorded as stock-based compensation expense is determined using the Black-Scholes option pricing model, which includes numerous estimates as described in Note 7 to the consolidated financial statements.

RECENT ACCOUNTING PRONOUNCEMENTS

Effective January 1, 2008, the Company will be required to adopt new CICA Section 1535, "Capital Disclosures", which requires companies to disclose their objectives, policies and procedures for managing capital, as well as whether externally imposed capital requirements have been complied with. The adoption of new capital disclosure requirements is being reviewed by the Company and will result in additional disclosure in the first quarter of 2008.

Effective January 1, 2008, the Company will be required to adopt new CICA Section 3031, "Inventories", which clarifies that major spare parts and standby equipment not in use should be included in property, plant and equipment. The adoption of new requirements is being reviewed by the Company but is not expected to have an impact on the Company's financial statements.

Effective January 1, 2008, the Company will be required to adopt new CICA Section 3862 "Financial Instruments Disclosures" and 3863 "Financial Instruments Presentation", which requires the Company to provide additional disclosure to enable users to evaluate the significance of financial instruments to the Company's financial position, performance and cash flows and how those risks are managed. The adoption of the disclosure requirements is being reviewed by the Company.

Effective for fiscal years commencing on or after October 1, 2008, the Company will be required to adopt new CICA Section 3064. "Goodwill and Intangible Assets" clarifying the criteria for the recognition of assets, intangible assets and internally developed intangible assets. The Company is currently evaluating the impact the new section will have, if any, on the Company's financial statements.

In February 2008, the Canadian Accounting Standards Board ("AcSB") confirmed that the mandatory changeover from existing Canadian GAAP to International Financial Reporting Standards ("IFRS") is to take effect for financial years beginning on or after January 1, 2011. As at December 31, 2008, the Company will be required to provide preliminary disclosure of the policy impact adopting IFRS will have on the Company's financial statements.

COMMITMENTS AND CONTINGENCIES

The Company has several commitments in respect of its petroleum and natural gas properties. These and other commitments are set out in Notes 4 and 12 to the consolidated financial statements.

DISCLOSURE CONTROLS AND PROCEDURES

Antrim has established disclosure controls, procedures and corporate policies so that its consolidated financial results are presented accurately, fairly and on a timely basis. As of December 31, 2007, an evaluation was carried out under the supervision, and with the participation, of the Company's management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the Company's disclosure controls and procedures. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that as of the end of the fiscal year, the design and operation of these disclosure controls and procedures were effective to ensure that information required to be disclosed by the Company in its annual filings is recorded, processed, summarized and reported within the specified time periods. All internal control systems, no matter how well designed, have inherent limitations. Therefore, these systems provide reasonable, but not absolute assurance, that financial information is accurate and complete.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining adequate internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements in accordance with Canadian GAAP. The Chief Executive Officer and Chief Financial Officer have designed or have caused such internal controls over financial reporting to be designed under their supervision to provide reasonable assurance regarding the reliability of financial reporting and preparation of the Company's financial statements in accordance with Canadian GAAP.

There were no changes in the Company's internal controls over financial reporting that occurred during the fourth quarter that have materially affected, or are reasonably likely to materially affect the Company's internal control over financial reporting.

RELATED PARTY AND OFF-BALANCE SHEET TRANSACTIONS

Antrim may from time to time enter into arrangements with related parties. In 2007, the Company incurred fees of $325,336 (2006 - $363,295) payable to Burstall Winger LLP, a law firm in which Mr. Jay Zammit, a director of the Company, is a partner. The Company had no off-balance sheet transactions in 2007.

BUSINESS RISKS

The oil and gas industry involves a wide range of risks which include but are not limited to the uncertainty of finding new commercial fields, securing markets for existing reserves, commodity price fluctuations, exchange and interest rate costs and changes to government regulations, including regulations relating to prices, taxes, royalties, land tenure, allowable production and environmental protection. The oil and natural gas industry is intensely competitive and the Company competes with a large number of companies that have greater resources.

The Company's ability to increase reserves in the future will depend not only on its ability to develop its present properties but also on its ability to select and acquire suitable producing properties or prospects. The acquisition and development of properties also requires that sufficient funds, including funds from outside sources, will be available in a timely manner. The availability of equity or debt financing is affected by many factors, many of which are outside the control of the Company.

The Company has significant investments in Argentina and the United Kingdom and its primary source of revenue is from two oil and gas properties in Argentina. A number of risks are associated with conducting foreign operations over which the Company has no control, including currency instability, potential and actual civil disturbances, restriction of funds movement outside of these countries, the ability of joint venture partners to fund their obligations, changes of laws affecting foreign ownership and existing contracts, environmental requirements, crude oil and natural gas price and production regulation, royalty rates, OPEC quotas, potential expropriation of property without fair compensation, retroactive tax changes and possible interruption of oil deliveries.

For additional detail regarding the Company's risks and uncertainties, refer to the Company's most recent AIF filed on SEDAR at www.sedar.com.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

March 28, 2008

The accompanying financial statements are the responsibility of management. The financial statements have been prepared by management in accordance with the accounting policies outlined in the notes to the financial statements. Financial statements include certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects. In the opinion of management, the financial statements have been prepared within acceptable limits of materiality and are in accordance with Canadian generally accepted accounting principles. The financial information contained in the annual report is consistent with that in the financial statements.

Management maintains appropriate systems of internal control. Policies and procedures are designed to give reasonable assurance that transactions are appropriately authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

PricewaterhouseCoopers LLP, an independent firm of Chartered Accountants, has been engaged, as approved by a vote of the shareholders at the Company's most recent annual general meeting, to examine the financial statements in accordance with Canadian generally accepted auditing standards and provide an independent professional opinion.

The audit committee of the Board of Directors with all of its members being outside directors, have reviewed the financial statements including notes thereto, with management and PricewaterhouseCoopers LLP. The financial statements have been approved by the Board of Directors on the recommendation of the audit committee.

STEPHEN GREER
President and Chief Executive Officer

ANTHONY J. POTTER, C A
Chief Financial Officer

March 28, 2008

TO THE SHAREHOLDERS OF ANTRIM ENERGY INC.

We have audited the consolidated balance sheets of Antrim Energy Inc. as at December 31, 2007 and 2006 and the consolidated statements of income (loss), comprehensive income (loss) and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2007 and 2006 and the results of its operations and cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants
Calgary, Alberta

CONSOLIDATED BALANCE SHEETS
AS AT DECEMBER 31, 2007 AND 2006

	2007 Cdn $	2006 Cdn $
Assets		
Current assets		
Cash and short-term deposits	96,913,946	53,714,443
Restricted cash (note 3)	6,662,685	-
Accounts receivable	4,939,337	4,111,105
Inventory and prepaid expenses	826,464	498,298
Other current assets	-	577,367
	109,342,432	58,901,213
Petroleum and natural gas properties (note 4)	186,277,007	82,084,916
Office equipment	549,022	252,693
Future income taxes (note 9)	894,431	263,263
Investments and other non-current assets (note 5)	4,482,004	3,649,215
	301,544,896	145,151,300
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	22,110,839	3,207,383
Income taxes payable	-	301,849
	22,110,839	3,509,232
Asset retirement obligation (note 6)	9,466,989	2,308,327
	31,577,828	5,817,559
Commitments (notes 4 and 12)		
Shareholders' Equity		
Capital stock (note 7)	289,719,116	153,176,930
Contributed surplus (note 8)	7,451,570	4,349,415
Deficit	(27,203,618)	(18,192,604)
	269,967,068	139,333,741
	301,544,896	145,151,300

APPROVED BY THE BOARD OF DIRECTORS

JIM PERRY
Director

GERRY ORBELL
Director

CONSOLIDATED STATEMENTS OF INCOME (LOSS), COMPREHENSIVE INCOME (LOSS) & DEFICIT

FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	2007 Cdn $	2006 Cdn $
Revenue		
Oil and gas	15,029,709	13,071,531
Royalties	(1,888,355)	(1,547,294)
Export tax	(1,243,638)	(427,520)
	11,897,716	11,096,717
Interest and other income	4,478,135	1,302,612
Gain on sale of petroleum and natural gas properties	-	1,466,864
	16,375,851	13,866,193
Expenses		
Operating	4,821,716	3,410,009
General and administrative	5,768,364	4,302,475
Stock-based compensation	3,787,406	1,452,999
Depletion and depreciation	4,497,521	2,540,032
Accretion of asset retirement obligations	269,175	137,669
Foreign exchange loss	6,105,393	565,745
Write-off of petroleum and natural gas properties (note 4)	654,691	-
	25,904,266	12,408,929
Income (loss) for the year before income taxes	(9,528,415)	1,457,264
Income tax expense (recovery) (note 9)		
Current	113,766	388,008
Future	(631,167)	(272,760)
	(517,401)	115,248
Net income (loss) and comprehensive income (loss) for the year	(9,011,014)	1,342,016
Deficit – Beginning of year	(18,192,604)	(19,534,620)
Deficit – End of year	(27,203,618)	(18,192,604)
Net income (loss) per common share:		
Basic	(0.09)	0.02
Diluted	(0.09)	0.02

CONDOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	2007 Cdn $	2006 Cdn $
Cash provided by (used in)		
Operating activities		
Net income (loss) for the year	(9,011,014)	1,342,016
Items not involving cash:		
Depletion and depreciation	4,497,521	2,540,032
Accretion of asset retirement obligations	269,175	137,669
Write-off of petroleum and natural gas properties	654,691	-
Stock-based compensation expense	3,787,406	1,452,999
Gain on disposition of petroleum and natural gas properties	-	(1,466,864)
Foreign exchange loss	5,216,285	-
Future income taxes	(631,167)	(272,760)
	4,782,897	3,733,092
Change in non-cash working capital items (note 11)	(1,825,651)	1,873,805
	2,957,246	5,606,897
Financing activities		
Issue of common shares	141,554,349	88,830,958
Share issue costs	(5,819,814)	(5,004,817)
	135,734,535	83,826,141
Investing activities		
Office equipment	(433,850)	(270,493)
Petroleum and natural gas properties	(102,317,294)	(61,163,487)
Proceeds on sale of petroleum and natural gas properties	-	1,300,801
Restricted cash	(6,662,685)	-
Other current assets	577,367	632,248
Other non-current assets	(832,789)	(2,101,300)
Change in non-cash working capital items (note 11)	22,774,510	(7,325,842)
	(86,894,741)	(68,928,073)
Effect of exchange rate changes on cash and short term deposits	(8,597,537)	-
Increase in cash and short-term deposits	43,199,503	20,504,965
Cash and short-term deposits – Beginning of year	53,714,443	33,209,478
Cash and short-term deposits – End of year	96,913,946	53,714,443

1. SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The consolidated financial statements of the Company have been prepared by management in accordance with Canadian generally accepted accounting principles ("GAAP").

MANAGEMENT ESTIMATES & MEASUREMENT UNCERTAINTY

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions regarding certain assets, liabilities, revenues and expenses. Such estimates must often be made based on unsettled transactions and other events and a precise determination of many assets and liabilities is dependent upon future events. Actual results may differ from estimated amounts.

The amounts recorded for depletion, depreciation of property and equipment, the provision for asset retirement obligations and future income taxes are based on estimates. The ceiling test is based on estimates of proved reserves, production rates, prices, future costs and other relevant assumptions. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

CONSOLIDATION

The consolidated financial statements include the accounts of the Company and its subsidiaries.

JOINT VENTURES

Certain of the Company's petroleum and natural gas activities are conducted jointly with others and accordingly the accounts reflect only the Company's proportionate interest in such activities.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on deposit and short-term investments, maturing within 90 days at the time of acquisition.

INVENTORY

Inventories of crude oil, refined products and supplies are valued at the lower of average cost and net realizable value.

PETROLEUM AND NATURAL GAS PROPERTIES

The Company follows the full cost method of accounting for oil and gas operations whereby all costs of exploring for and development of oil and gas reserves are capitalized into a cost centre for each country in which the Company's subsidiaries have operations. Such costs will include land acquisition costs, geological and geophysical expenses, carrying charges on non-producing properties, lease rentals on undeveloped properties, costs of drilling both productive and non-productive wells and general and administration costs directly related to exploration and development activities.

The ultimate recovery of the costs capitalized to date by cost centre is dependent upon the existence of economically recoverable reserves in each country, the maintenance of the necessary agreements with the applicable regulatory authorities and the ability to obtain the necessary financing to complete the development of its holdings.

Costs of acquiring and evaluating unproved properties and major development projects are initially excluded from the depletion and depreciation calculation. These costs are assessed periodically to ascertain whether impairment has occurred. When proven reserves are assigned or the property is considered to be impaired, the cost of the property or the amount of the impairment is added to costs subject to depletion and depreciation.

Costs subject to depletion, including tangible production equipment, are depleted using the unit-of-production method based on estimated proven reserves of petroleum and natural gas before royalties as determined by an independent reserve engineer. Reserves are converted to equivalent units on the basis of approximate relative energy content. Gains or losses on the sale or disposition of petroleum and natural gas properties are not ordinarily recognized except under circumstances which result in a change of 20% or more in the depletion rate.

The Company applies a ceiling test to capitalized costs to ensure that such costs do not exceed undiscounted future net revenues from estimated production of proven reserves, using estimates of future prices and costs.

OFFICE EQUIPMENT

The Company depreciates its office and computer equipment using the straight-line method at a rate of 20% and 30% respectively. Office equipment is net of accumulated depreciation. At December 31, 2007, accumulated depreciation was $889,918 (2006 – $752,397).

INVESTMENTS

Investments in which the Company is not able to exercise significant influence are carried at cost. Earnings from such investments are recognized only to the extent received or receivable. When there has been a loss in value of an investment that is other than a temporary decline, the investment is written down to recognize the loss.

ASSET RETIREMENT OBLIGATION

The fair value of estimated asset retirement obligations is recognized in the Consolidated Balance Sheet when identified and a reasonable estimate of fair value can be made. Asset retirement obligations include those legal obligations where the Company will be required to retire tangible long-lived assets such as producing well sites and processing facilities. The asset retirement cost, equal to the initially estimated fair value of the asset retirement obligation, is capitalized as part of the cost of the related long lived asset. Changes in the estimated obligation resulting from revisions to estimated timing or amount of undiscounted cash flows are recognized as a change in the asset retirement obligation and the related asset retirement cost.

Asset retirement costs for crude oil and natural gas assets are amortized using the unit-of-production method. Amortization of asset retirement costs is included in depletion and depreciation in the Consolidated Statement of Income (Loss), Comprehensive Income (Loss) and Deficit. Increases in the asset retirement obligation resulting from the passage of time are recorded as accretion of asset retirement obligations in the Consolidated Statement of Income (Loss), Comprehensive Income (Loss) and Deficit.

FOREIGN CURRENCY TRANSLATION

Operations of the Company's subsidiaries are considered to be integrated and therefore the Company translates the financial statements of its subsidiaries to Canadian dollars using the temporal method. Under this method, monetary assets and liabilities are translated at the exchange rate in effect at year-end, non-monetary assets and liabilities are translated at historical rates and revenues and expenses are translated at the monthly average exchange rate.

REVENUE RECOGNITION

Revenues are recognized when goods have been delivered, when services have been performed, or when hydrocarbons have been produced and delivered and payment is reasonably assured.

STOCK-BASED COMPENSATION PLANS

Stock-based compensation costs are recognized over the vesting period of the stock options granted with a corresponding amount being shown as contributed surplus. Consideration paid upon the exercise of the stock options is recorded as an increase to share capital together with amounts previously recognized in contributed surplus. No amount of stock-based compensation costs has been capitalized.

INCOME TAXES

The Company follows the liability method of accounting for income taxes. Under this method, income tax assets and liabilities are recognized for the estimated tax consequences attributable to differences between the amounts reported in the financial statements and their respective tax bases, using enacted or substantially enacted tax rates expected to apply when the asset is realized or the liability settled. Future income tax assets are only recognized to the extent it is more likely than not that sufficient future taxable income will be available to allow the future income tax asset to be realized.

PER SHARE AMOUNTS

Basic earnings per share is calculated by dividing earnings by the weighted average number of common shares outstanding during the period. Diluted earnings per share reflect the potential dilution that could occur if stock options and warrants were exercised. The treasury stock method is used to determine the dilutive effect of stock options and warrants. Under the treasury stock method, only proceeds received from the exercise of "in the money" stock options and warrants are used to determine the impact on the diluted calculations.

COMPARATIVE AMOUNTS

Certain comparative figures have been reclassified to conform with current year presentation.

CHANGES IN ACCOUNTING POLICIES

Effective January 1, 2007, the Company adopted the Canadian Institute of Chartered Accountants ("CICA") Section 1506 "Accounting Changes", Section 1530 "Comprehensive Income", Section 3251 "Equity", Section 3855 "Financial Instruments Recognition and Measurement", and Section 3865 "Hedges". These standards have been adopted prospectively.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are initially recognized at fair value and are subsequently accounted for based on their classification as described below. The classification depends on the purpose for which the financial instruments were acquired and their characteristics. Except in very limited circumstances, the classification is not changed subsequent to initial recognition. The fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

Held-for-trading

Financial assets that are purchased and incurred with the intention of generating profits in the near term are classified as held-for-trading. These instruments are accounted for at fair value with the change in the fair value recognized in net income during the period. Cash is classified as held-for-trading as at December 31, 2007.

Available-for-sale

Financial assets classified as available-for-sale are carried at fair value with the changes in fair value recorded in other comprehensive income. When a decline in fair value is determined to be other than temporary, the cumulative loss included in accumulated other comprehensive income is removed and recognized in net income. Gains and losses realized on disposal of available-for sale securities are recognized in other income. There are no financial assets classified as available-for-sale.

Held-to-maturity

Financial assets that have a fixed maturity date and which the Company has the intention and the ability to hold to maturity are classified as held-to-maturity and accounted for at amortized cost using the effective interest rate method.

Loans and receivables

Loans and receivables are accounted for at amortized cost. This classification is consistent with the classification under the prior accounting standards. Loans included in other current assets and other non-current assets and accounts receivable are classified as loans and receivables.

Investments

Portfolio equity investments not quoted in an active market are accounted for at cost. Investments included in other non-current assets are classified as portfolio equity investments not quoted in an active market.

Other liabilities

Other liabilities are accounted for at amortized cost and include all liabilities, other than derivatives. This classification is consistent with the classification under the prior accounting standards. Accounts payable and accrued liabilities are classified as other liabilities.

Derivative instruments & hedging activities

Gains and losses on these instruments are charged to income in the period that they occur. The Company did not have any outstanding derivative or hedging contracts as at December 31, 2007.

Embedded derivatives

An embedded derivative is a component of a financial instrument or other contract that has a feature similar to a derivative. Accounting section 3855 requires these instruments to be identified and recorded separately from the host contract if the economic characteristics and risks of the embedded derivative are not closely related to that of the host contract, the terms of the embedded derivatives are the same as the terms of a freestanding derivative, and the hybrid instrument is not re-measured at fair value. As at December 31, 2007, the Company did not have any outstanding contracts or financial instruments with embedded derivatives that required separation from the host contract.

COMPREHENSIVE INCOME

Comprehensive income consists of net earnings and other comprehensive income. Other comprehensive income comprises the change in fair value of the effective portion of the derivatives used as hedging items in a cash flow or net investment hedge and the change in fair value of any available-for-sale financial instruments. Amounts recognized in other comprehensive income must eventually be reclassified to income when the related gains or losses are realized.

ACCOUNTING CHANGES

Voluntary changes in accounting policy are permitted only if they result in financial statements that provide more reliable and relevant information to the reader. Changes in accounting policy must be applied retrospectively, while changes in accounting estimates are to be applied prospectively. Additional disclosure is required when accounting changes are applied, including the justification for the change, a complete description of the policy, the primary source of GAAP and the detailed effect on financial statement line items.

The Company is required to provide disclosure when a new primary source of GAAP has been issued, but is not yet effective. The Company now discloses this, and provides information relevant to assessing the possible impact of the new primary source of GAAP on its financial statements in the period of initial application.

2. UPCOMING ACCOUNTING PRONOUNCEMENTS

Effective January 1, 2008, the Company will be required to adopt new CICA Section 1535, "Capital Disclosures", which requires companies to disclose their objectives, policies and procedures for managing capital, as well as whether externally imposed capital requirements have been complied with. The adoption of new capital disclosure requirements is being reviewed by the Company and will result in additional disclosure in the first quarter of 2008.

Effective January 1, 2008, the Company will be required to adopt new CICA Section 3031, "Inventories", which clarifies that major spare parts and standby equipment not in use should be included in property, plant and equipment. The adoption of new requirements is being reviewed by the Company but is not expected to have a significant impact on the Company's financial statements

Effective January 1, 2008, the Company will be required to adopt new CICA Section 3862 "Financial Instruments Disclosures" and 3863 "Financial Instruments Presentation", which requires the Company to provide additional disclosure to enable users to evaluate the significance of financial instruments to the Company's financial position, performance and cash flows and how those risks are managed. The adoption of the disclosure requirements is being reviewed by the Company.

Effective for fiscal years commencing on or after October 1, 2008, the Company will be required to adopt new CICA Section 3064. "Goodwill and Intangible Assets" clarifying the criteria for the recognition of assets, intangible assets and internally developed intangible assets. The Company is currently evaluating the impact the new section will have, if any, on the Company's financial statements.

In February 2008, the Canadian Accounting Standards Board ("AcSB") confirmed that the mandatory changeover from existing Canadian GAAP to International Financial Reporting Standards ("IFRS") is to take effect for financial years beginning on or after January 1, 2011. As at December 31, 2008, the Company will be required to provide preliminary

3. RESTRICTED CASH

Restricted cash at December 31, 2007 relates to Pound Sterling denominated standby letters of credit issued with respect to the Company's drilling program in the UK North Sea.

4. PETROLEUM AND NATURAL GAS PROPERTIES

2007	Cost $	Accumulated depletion and depreciation $	Net Book Value $
Argentina	45,333,949	16,519,012	28,814,937
UK	160,901,423	3,439,353	157,462,070
	206,235,372	19,958,365	186,277,007

2006	Cost $	Accumulated depletion and depreciation $	Net Book Value $
Argentina	35,555,395	12,159,012	23,396,383
UK	62,127,886	3,439,353	58,688,533
	97,683,281	15,598,365	82,084,916

The benchmark prices used in the ceiling test evaluation of the Company's crude oil and natural gas reserves at December 31, 2007 were:

Year	WTI Crude Oil (US$/Barrel) Argentina	Corporate Crude Oil (US$/Barrel) Argentina	Natural Gas (US$/Mcf) Argentina
2008	90.00	52.86	1.56
2009	86.70	52.63	1.75
2010	83.20	52.49	1.86
2011	79.60	52.23	1.94
2012	78.50	51.86	1.97
2013	77.30	51.59	1.96
2014	78.80	54.39	1.91
2015	80.40	54.94	1.84
2016	82.00	54.94	1.72

In 2007, the Company wrote-off costs of $654,691 following the relinquishment of its interests in the United Kingdom Southern Gas Basin.

During the year, the Company capitalized $2,472,685 (2006 – $1,758,953) of general and administrative costs related to exploration and development activity.

At December 31, 2007, petroleum and natural gas properties include $157,462,070 (2006 - $58,688,533) relating to unproven properties that have been excluded from the depletion calculation.

COMMITMENTS

The Company has the following commitments in respect of its oil and gas properties:

United Kingdom – Fyne & Dandy

The Company acquired a 75% working interest in Block 21/28a in 2006 for US$8 million. Under the fallow program, a decision to drill or drop the block had to be made by November 30, 2007. On October 31, 2007, the Company announced that it had signed a drilling rig contract for a well to be drilled on the Fyne field in the first quarter of 2008. In March 2008, drilling commenced on the Fyne field which the Company expects to satisfy the fallow obligations for the entire block. On approval of a field development plan, the Company has agreed to pay an additional US$10 million as part of the acquisition cost of the block.

United Kingdom - South Larne

Under the terms of the Petroleum Exploration Licence, the Company is required to complete geoscience surveys by mid October 2008 at a gross cost of £154,000 (Antrim 33.33% working interest). A decision to drill or drop the licence has to be made by mid October, 2008. Under the terms of the Minerals Prospecting Licence, Antrim is required to complete geoscience surveys by December 31, 2008 at a gross cost of £154,000 (Antrim 33.33% working interest). A decision to drill or drop the licence is required by December 31, 2008. One common work program will satisfy the terms of both licences, i.e. geophysical surveys at a gross cost of £154,000 and drilling one well will satisfy the conditions of both licences.

Argentina - Puesto Guardian

The joint venture (Antrim 40% working interest) has committed to incur exploration expenses in 2008 of approximately $2,055,000 equal to 3 times the 2008 land rental ("canon") otherwise payable ($685,000).

Argentina - Tres Nidos Sur

The Company acquired a 70% working interest in the Tres Nidos Sur Block in October 2007. Under the terms of the licence, the joint venture is required to acquire a minimum of 50 km^2 of 3D seismic in the first year of the licence, and drill an exploration well in the second year.

5. INVESTMENTS & OTHER NON-CURRENT ASSETS

In 2006, the Company sold certain non-core assets in Tanzania, the Czech Republic and Australia to NOR Energy AS ("NOR"), a private Norwegian company, in return for a cash payment and common shares of NOR. At December 31, 2006 and December 31, 2007, the Company held 1,175,000 common shares of NOR representing less than 10% of the common shares of NOR outstanding. The Company also held warrants to acquire 700,000 common shares of NOR at a price of US$1.00 per share exercisable until May 26, 2009. Other non-current assets primarily consist of value added tax receivable in Argentina and amounts due from the operator of one of the Company's joint ventures.

	2007 $	2006 $
Investment in NOR	2,459,774	2,459,774
Other non-current assets	2,022,230	1,189,441
	4,482,004	3,649,215

6. ASSET RETIREMENT OBLIGATIONS

At December 31, 2007, the estimated undiscounted asset retirement obligations are $2,431,832 (2006 - $2,307,645) and $20,823,118 (2006 - $4,536,445) for Argentina and United Kingdom, respectively. The Company expects the undiscounted obligations to become payable over the next 15 years with the majority between 2016 and 2020. The present value of the asset retirement obligations has been calculated using credit adjusted risk free rates of between 7.9% and 9.0% (2006 – 8.5%) and an inflation rate of 2.0% (2006 – 2.5%).

Changes to asset retirement obligations were as follows:

	2007 $	2006 $
Asset retirement obligations, beginning of year	2,308,327	554,603
Accretion expense	269,175	137,669
Increase in liabilities	2,461,950	1,567,320
Disposition	-	(16,497)
Change in estimates	4,427,537	65,232
Asset retirement obligations, end of year	9,466,989	2,308,327

7. CAPITAL STOCK

Authorized

Unlimited number of common voting shares

Unlimited number of preferred shares

Common shares issued

	Number of shares	Amount $
Balance – December 31, 2005	54,886,488	66,988,824
Exercise of stock options	534,001	631,315
Employee share ownership plan	61,326	166,887
Exercise of broker warrants and agent options	1,444,444	2,361,352
Exercise of common share purchase warrants	232,900	773,936
Public offering	29,900,000	84,817,500
Contributed surplus on stock options exercised	-	308,343
Share issue costs	-	(5,347,818)
Balance – December 31, 2006	87,059,159	150,700,339
Exercise of stock options	986,102	1,407,826
Employee share ownership plan	45,335	244,796
Exercise of agent options	737,500	1,652,000
Exercise of common share purchase warrants	7,708,293	25,600,394
Public offering	21,045,000	115,247,250
Contributed surplus on stock options exercised		686,325
Share issue costs	-	(5,819,814)
Balance – December 31, 2007	117,581,389	289,719,116

Common share purchase warrants

	Weighted average exercise price $	Number of warrants	Amount $
Balance December 31, 2005	2.76	9,782,848	3,057,583
Expired	2.10	(2,560,627)	(744,402)
Exercise of broker warrants and agent options	3.00	722,222	238,647
Exercise for common shares	3.00	(232,900)	(75,237)
Balance – December 31, 2006	3.00	7,711,543	2,476,591
Expired	3.00	(3,250)	(1,073)
Exercise for common shares	3.00	(7,708,293)	(2,475,518)
Balance – December 31, 2007	-	-	-
Total Common Shares and Share Purchase Warrants – December 31, 2007			$289,719,116

In August 2004, the Company completed a private placement of 4,687,500 Units at a price of $1.60 per Unit. Each Unit consisted of one common share and one half common share purchase warrant. Each whole warrant entitled the holder thereof to acquire one common share at a price of $2.10 per common share prior to August 25, 2005. In July 2005, the Company announced that the expiry time of the warrants was to be extended to the earlier of January 24, 2006 and a triggered expiry date which is 30 days immediately following a period in which the ten day volume weighted average price of the Company's common shares on the TSX exceeds $2.50 per share. At December 31, 2005 there were 2,560,627 warrants outstanding. The Company also issued pursuant to the private placement 468,750 Broker Warrants. Each Broker Warrant entitled the holder thereof to acquire one Unit at a price of $1.60 per Unit prior to August 25, 2005. In August 2005, all of the $1.60 Broker Warrants were exercised.

In September 2005, Antrim completed a private placement of 6,111,111 special warrants and an offering of 8,333,333 units at an issue price of $1.80 per special warrant for gross proceeds to Antrim of $26,000,000. Each special warrant and unit consisted of one Common Share and one-half Common Share purchase warrant. The Company also issued 611,111 broker warrants and 833,333 agents' options, exercisable at a price of $1.80 per broker warrant and agents' option, until September 15, 2006 and September 29, 2006, respectively. Each broker warrant and agents' option entitled the holder to acquire one unit consisting of one Common Share and one-half Common Share purchase warrant. Each whole warrant issued pursuant to the private placement and offering entitled the holder thereof to purchase one Common Share at a price of $3.00 per share until March 15, 2007 and March 29, 2007, respectively. At December 31, 2006, all of the broker warrants, agents' options and 232,900 warrants had been exercised. On March 29, 2007, 3,250 warrants expired unexercised.

In May 2006, the Company completed a public offering of 14,750,000 Common Shares at a price of $1.95 per Common Share for gross proceeds of $28,762,500. The Company also issued pursuant to the public offering 737,500 Agents Options. Each Agents Option entitled the holder thereof to acquire one Common Share at a price of $2.24 per Common Share until May 8, 2007. As at December 31, 2007, all of the Agents Options had been exercised.

In November 2006, the Company completed a public offering of 15,150,000 Common Shares at a price of $3.70 per Common Share for gross proceeds of $56,055,000.

On May 11, 2007, the Company completed a public offering of 10,000,000 common shares at a price of $5.00 per common share for gross proceeds of $50,000,000. An over-allotment option to issue an additional 1,500,000 common shares at a price of $5.00 per share was also exercised. Total gross proceeds from the financing, including over-allotment option, were $57,500,000.

On November 15, 2007, Antrim completed a public offering of 8,300,000 common shares at a price of $6.05 per common share for gross proceeds of $50,215,000. An over-allotment option to issue an additional 1,245,000 common shares at a price of $6.05 per share was also exercised. Total gross proceeds from the financing, including over-allotment option, were $57,747,250.

Included in share issue expense in 2006 is $343,001 with respect to the Broker Warrants and Agents Warrants. The fair value of the common share purchase warrants, Broker Warrants and Agents Warrants at the issue date was estimated using the Black Scholes option pricing model with the following assumptions: Risk free interest rate – 4.22%; expected life – 12 to 18 months; expected volatility – 60%; expected dividend yield – nil.

Stock Options

The Company has established a stock option plan whereby the Company may grant options to its directors, officers, employees and consultants for up to 10% of the issued and outstanding number of common shares. The exercise price of each option is no less than the market price of the Company's stock on the date of grant. Stock option terms are determined by the Company's Board of Directors but typically vest evenly over a period of three years from the date of grant and expire five years after the date of grant.

A summary of the status of the Company's stock option plan is presented below.

	2007		2006	
	Number of options	Weighted-average exercise price $	Number of options	Weighted-average exercise price $
Outstanding –				
Beginning of year	6,154,499	2.13	2,422,334	1.21
Granted	2,763,000	4.63	4,609,500	2.46
Expired/Cancelled	(101,666)	3.84	(343,334)	1.48
Exercised	(986,102)	1.43	(534,001)	1.18
Outstanding –				
End of year	7,829,731	3.08	6,154,499	2.13
Options Exercisable –				
End of year	2,062,076	2.07	959,170	1.11

The following table summarizes information about the stock options outstanding at December 31, 2007:

Options outstanding				Options exercisable		
Range of exercise prices $	Weighted-average exercise price $	Number outstanding at Dec. 31, 2007	Weighted-average years remaining contractual life	Range of exercise prices $	Weighted average exercise price $	Number outstanding at Dec. 31, 2007
0.76 – 1.00	0.79	45,000	0.44	0.76 – 1.00	0.79	45,000
1.01 – 2.00	1.45	1,933,332	2.33	1.01 – 2.00	1.35	978,670
2.01 – 3.00	2.07	1,713,399	3.23	2.01 – 3.00	2.07	563,404
3.01 – 4.00	3.65	1,430,000	3.47	3.01 – 4.00	3.64	475,002
4.01 – 5.00	4.11	1,948,000	4.05	4.01 – 5.00	-	-
5.01 – 6.00	5.70	610,000	4.79	5.01 – 6.00	-	-
6.01 – 7.00	6.95	150,000	4.70	6.01 – 7.00	-	-
		7,829,731				2,062,076

Stock-based compensation costs are recognized over the vesting period of the stock options granted.
The fair value of each stock option granted is estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: Risk free interest rate – 4.23% (2006 – 4.10); expected life – 4.5 years (2006 4.5 years); expected volatility – 63.75% (2006 – 60.0%); expected dividend yield – nil (2006 – nil).

Stock based compensation costs do not include costs associated with stock options granted prior to January 1, 2002. Stock based compensation costs in 2007 were $3,787,406 (2006 - $1,452,999).

Per Share Information

	2007 Number of shares	2006 Number of shares
Weighted average number of shares outstanding	102,831,087	66,917,917
Exercisable stock options, end of year	2,062,076	959,170
Exercisable brokers' warrants, end of year	-	737,500
Exercisable common share purchase warrants, end of year	-	7,711,543
Fully diluted average number of shares outstanding	104,893,163	76,326,130

Employee share ownership plan

The Company has adopted an employee share ownership plan ("ESOP"). Under the terms of the plan, employees may contribute between 1% and 10% of their gross annual salary, subject to a minimum of $500 per annum, with the Company matching that contribution on a 1:1 basis. Purchases are to be made on a quarterly basis at a price per share equal to the average price for the five days preceding the issuance. The maximum number of common shares issuable pursuant to the ESOP shall not exceed 800,000 common shares. The maximum number of common shares issuable in any one year period pursuant to the ESOP, Stock Option Plan and all other established or proposed share compensation arrangements shall not exceed 10% of the outstanding common shares. During the year, the Company issued 45,335 common shares at an average price of $5.40 per share. Of this amount, employees contributed $122,398 (2006 - $83,443) with the Company matching that contribution.

8. CONTRIBUTED SURPLUS

	2007 $	2006 $
Balance, beginning of year	4,349,415	2,117,355
Stock-based compensation expense	3,787,406	1,452,999
Brokers' Warrants – valuation expense	-	343,002
Common share purchase warrants - expiry	1,074	744,402
Transfer to share capital on exercise of stock options	(686,325)	(308,343)
Balance, end of year	7,451,570	4,349,415

9. INCOME TAXES

The differences between the expected income tax provision and the reported income tax provision are summarized as follows:

	2007 $	2006 $
Income (loss) before income taxes	(9,528,415)	1,457,264
Statutory income tax rate	32.12%	32.49%
Expected tax expense (recovery)	(3,060,527)	473,465
Increase (decrease) in taxes resulting from:		
Non-deductible expenses	471,052	281,608
Benefit of tax losses not recognized (recognized)	3,600,869	632,463
Foreign income subject to higher rate	-	24,307
Foreign income subject to lower rate	(1,612,887)	(1,296,595)
Other	84,092	-
	(517,401)	115,248

The components of the Company's net future income tax asset (liability) are as follows:

	2007 $	2006 $
Future income tax asset:		
Tax basis of capital assets in excess of carrying value	490,253	263,263
Tax benefit of loss carry forwards	404,178	-
Future income tax liabilities:		
Carrying value of capital assets in excess of tax basis	-	
Net future income tax asset (liability)	894,431	263,263

At December 31, 2007, the Company has Canadian non-capital loss carryforwards in the amount of approximately $18,300,000 (2006 – $11,100,000), expiring at various dates from 2008 - 2014. The Company incurs losses in several of the countries that it operates in, while generating taxable income in Argentina. No accounting recognition has been given to the losses.

10. SEGMENTED INFORMATION

			2007
	Revenue	Earnings (loss)	Identifiable assets
	$	$	$
Argentina	15,029,709	3,136,969	37,082,369
Canada	-	(10,717,338)	93,201,594
New Zealand	-	(30,940)	226
United Kingdom	-	(1,399,705)	171,260,707
Total	15,029,709	(9,011,014)	301,544,896

			2006
	Revenue	Earnings (loss)	Identifiable assets
	$	$	$
Argentina	12,964,477	1,982,553	28,396,739
Australia	-	(7,845)	-
Canada	-	(301,700)	56,453,231
Czech Republic	107,054	82,306	-
New Zealand	-	(11,208)	769
Tanzania	-	(3,679)	-
United Kingdom	-	(398,411)	60,300,561
Total	13,071,531	1,342,016	145,151,300

11. SUPPLEMENTAL CASH FLOW INFORMATION

	2007	2006
	$	$
Operating activities:		
Decrease (increase) in current assets:		
Accounts receivable	(1,933,195)	(1,011,231)
Inventory and prepaid expenses	(328,166)	(144,177)
Increase (decrease) in current liabilities:		
Accounts payable and accrued liabilities	615,161	2,660,614
Income taxes payable	(301,849)	285,156
Employee share ownership plan contribution	122,398	83,443
	(1,825,651)	1,873,805
Investing activities:		
Decrease (increase) in current assets:		
Accounts receivable	371,225	(891,073)
Increase (decrease) in current liabilities:		
Accounts payable and accrued liabilities	22,403,285	(6,434,769)
	22,774,510	(7,325,842)
Interest received	3,903,624	1,110,193
Income taxes paid	415,615	86,159

12. COMMITMENTS AND CONTINGENCIES

At December 31, 2007, the Company had entered into commitments for 110 days of drilling rig time in 2008 in the United Kingdom North Sea at a gross cost of approximately US$300,000 per day.

In addition to commitments in respect of its oil and gas properties (see note 4), the Company is committed to payments under operating leases for office space, net of sub-lease arrangements, for the next five years as follows:

Year	$
2008	293,779
2009	263,169
2010	40,472
2011	-
2012	-
	597,420

13. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, restricted cash and short-term deposits, accounts receivable, income tax payable and accounts payable. The fair values of these financial instruments approximate their carrying amounts due to the short-term maturity of these instruments. The Company is exposed to credit risk on its accounts receivable from its customers. The Company believes there is no significant concentration of credit risk.

14. RELATED PARTY TRANSACTIONS

In 2007, the Company incurred fees of $325,336 (2006 - $363,295) payable to a law firm in which a director of the Company is a partner.

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Antrim Energy Ltd.
Antrim Oil and Gas Limited
Antrim Resources (N.I.) Limited
Netherfield Corporation

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Calgary, Alberta

BANKERS

Toronto-Dominion Bank of Canada

AUDITORS

PricewaterhouseCoopers LLP
Calgary, Alberta

DIRECTORS

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(2) Member of the Compensation Committee
(3) Member of Reserves Committee

OFFICERS

Stephen Greer, M.Sc. (Geology)
President and Chief Executive Officer

Anthony J. Potter, C.A.
Chief Financial Officer and Corporate Secretary

Kerry Fulton, P. Eng.
Chief Operating Officer

STOCK EXCHANGE LISTINGS

Toronto Stock Exchange: Trading Symbol "AEN"
London Stock Exchange (AIM): Trading Symbol "AEY"

Investor Relations Website
www.antrimenergy.com

The Company's website is not incorporated by reference in and does not form a part of this Annual Report. For further information, email info@antrim energy.com.

ANNUAL GENERAL MEETING

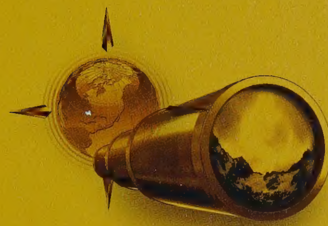
May 29, 2008, 3 p.m. MDT
Location: Bankers Hall Auditorium
335 - 8th Avenue SW
Calgary, Alberta

INDEPENDENT ENGINEERS

McDaniel & Associates Consultants Ltd.

REGISTRAR AND TRANSFER AGENT

Inquiries regarding change of address, registered shareholdings, stock transfers or lost certificates should be directed to:
CIBC Mellon Trust Company
Calgary, Alberta
(403) 232-2400



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